

CITY OF SUNNYVALE
Department of Parks and Recreation

June 18, 2002

TO: Honorable Mayor and Members of the City Council

THROUGH: Robert S. LaSala, City Manager

FROM: Robert A. Walker, Director of Parks and Recreation

SUBJECT: Request for Additional Pool Information

At Council's June 4, 2002, public hearing regarding the City Manager's proposed budget for FY 2002/2003, Ms. Holly Lofgren requested that Council consider increasing the General Fund subsidy planned for Fremont High School's new 50-meter pool and to use that increased subsidy for the specific purpose of lowering youth swimming fees at that facility. Ms. Lofgren stated that the planned subsidy was now approximately \$41,000 and requested that it be raised closer to subsidy estimates staff had provided Council when it first approved the concept of building the pool (approximately \$102,000 annually). Councilmember Howe made a motion to increase Fremont Pool subsidies for youth in the amount of \$35,000. However, staff was unable to verify Ms. Lofgren's numbers in relationship to the current subsidy and so the motion was tabled to June 18, 2002, so that staff could clarify the subsidy level.

The actual subsidy now planned for Fremont Pool is shown on the attached spreadsheet. It ranges from \$55,995 to \$134,366 over the planned twenty-year budget. The estimated subsidy for FY 2002/2003 is \$88,002. Please keep in mind that these are simply planned numbers, and that estimates for a new facility such as this are generally less accurate than those associated with operations which have established track records and trends. Staff will not be overly surprised if the actual subsidy at the close of FY 2002/2003 is moderately higher or lower than that planned. There are simply too many variables in an operation of this nature to say with any certainty what the actual subsidy will be.

That said, staff recommend that Council's consideration of Ms. Lofgren's request also include consideration of the following:

- Staff and Council have reviewed the issue of pool fees on several occasions now. On May 21, 2002, Council reviewed and approved a specific fee structure for the new 50-meter pool.
- On May 21, 2002, Council also directed that staff have the authority to set future pool fees administratively (albeit to provide in January of 2003 an informational report to Council on how things have gone during the first six months of operation). It's important to note that staff has indicated a willingness to monitor and review fees carefully over

the first six months of the pool's operation. In the meantime, staff would appreciate Council's continued confidence in its ability to set—and subsequently adjust—fees. This would include the creation of new fee categories (e.g., a monthly family swim fee as proposed by Mayor Fowler, youth fees, etc.)

- On May 21, 2002, Council also approved in concept a contract with California Sports Center (CSC) for the operation of the new pool. The contractor has since signed that contract. Questions were raised by Council on May 21 regarding the likelihood of fees being raised or lowered once the contract was signed. Staff indicated that while this might be possible, fees would not likely be raised in the near future without significant interest and oversight by the City, nor would fees likely be reduced without significant interest and concern on the part of the contractor.
- Since there are currently no youth fees proposed for this pool, Council's action would actually be to establish youth fees (and to make them lower than those fees they would otherwise pay under the existing fee schedule).
- While Council could direct staff to establish and subsidize youth-related fees, there would be no way for staff to identify a specific fee which would then result in a specific increase in annual subsidy. This is because there is no way to predict the actual number of youth that will patronize the facility. Council would simply need to identify the desired decrease in youth fees, then accept whatever annual subsidy resulted. Since the lowering of fees could conceivably impact the number of users as well, Council would never really know to what degree the subsidy actually increased or decreased as a result of their action.
- Staff would need Council to identify the specific youth fee(s) they wanted to establish, as well as the type of youth swimming they wanted to apply it to. As staff understands Ms. Lofgren's request, it would apply only to recreational/open swim — not, for example, to lap swimming by high school students.
- There are established youth fees at our other City pools and creating fees at the 50-meter pool comparable to or lower than these fees would be at odds with the enterprise fund philosophy. Clearly there is justification for the fees at this new facility to be higher than those at these older pools (As staff understands Ms. Lofgren's current proposal, this would not be a problem. Ms. Lofgren's proposed subsidy would still maintain a differential between the new pool and older pools).
- Staff does not agree with *some* of the philosophical platform upon which Ms. Lofgren based her appeal for a youth swim rate at this pool, which seemed to suggest that without such a youth rate our local youth—in particular school-age and school-based youth—would not have much access to the pool, for athletics or anything else. The fact is that the School District's physical education classes and after-school sports programs will ensure local youth will be spending a great deal of time in the pool and free of charge. Staff also expect that even with the existing rates a large number of youth will enter the pool. We expect there to be a good number of lessons, and we understand that negotiations between the contractor and the Sunnyvale (Youth) Swim Club are going well. In fact, we understand both parties have come to relatively quick agreement on both a use schedule and fees for the club. While staff agrees with Ms. Lofgren

regarding the benefits of swimming and engaging youth in healthy activities, staff does not expect the creation of a youth rate at this pool would draw at-risk youth away from less desirable activities. A skateboard facility, perhaps, but not a 50-meter pool. Let's not forget that there are other pools in Sunnyvale's system as well and that the 50-meter pool was never intended to be the pool of choice for young people just wanting to have fun. Washington Pool, with its shallower depth, adjacent playground, picnic facilities and ballfields is a better candidate in that regard.

- There is a difference between adjusting fees due to changes dictated by the market (which staff has already indicated it will consider over the next 6 months) and subsidizing youth fees at this pool. The former is supported by the Recreation Sub-Element; the latter is not. The City's Recreation Sub-Element calls for staff to *consider establishing fees below market rate (subsidizing) for activities such as "at-risk" youth programming, where a higher priority is placed on ensuring participation than any other factor*. What's been proposed is not an example of that. Facilities such as the Tennis Center, Golf Courses, and the new 50-meter pool are some of our best examples of special use facilities that ought to pay for themselves if at all possible. Users have other choices at less cost, and until such time as this pool pays for itself, providing increased subsidies would be inconsistent with the Enterprise Fund philosophy and the City's Recreation Sub-Element.
- If Council wants to further subsidize youth activities, staff would recommend it do so elsewhere—for example, reducing the cost of after-school enrichment programs for elementary school children.

Staff does not support the recommendation to subsidize youth swimming at the 50-meter pool. However, staff has already committed to monitoring and reviewing **all** swim fees at the new pool over the course of its first six months of operation. The establishment of a youth fee due to market conditions (which is quite different than establishing market and then providing a subsidy) is something staff will be exploring over the course of the next six months.

This said, staff believes it is possible to create reduced fees for youth swimmers at this time by negotiating a City subsidy with the contract operator of the Fremont Pool, if Council so desires.

RAW/mb/ks

Attachment

c: Susan Kitchens, City Clerk
Mary Bradley, Director, Finance Department
John Lawrence, Leisure Services Manager
Holly Lofgren, Friends of Fremont Pool
John Hellesoe, District Director for Senator Vasconcellos

CITY OF SUNNYVALE
525. COMMUNITY RECREATION FUND
LONG TERM FINANCIAL PLAN
JULY 1, 2001 TO JUNE 30, 2012

| | FY 2001/2002 TO FY 2011/2012 TOTAL | | | | | | | | | | | | |
|------------------------------------------|---------------------------------------------|----------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| | ACTUAL 2000/2001 | CURRENT 2001/2002 | BUDGET 2002/2003 | BUDGET 2003/2004 | PLAN 2004/2005 | PLAN 2005/2006 | PLAN 2006/2007 | PLAN 2007/2008 | PLAN 2008/2009 | PLAN 2009/2010 | PLAN 2010/2011 | PLAN 2011/2012 | |
| RESERVE/FUND BALANCE, JULY 1 | 1,511,405 | 1,501,930 | 552,674 | 21,897 | 37,659 | 73,896 | 125,982 | 182,704 | 244,389 | 311,379 | 384,042 | 462,766 | 1,501,930 |
| CURRENT RESOURCES: | | | | | | | | | | | | | |
| Rents and Concessions | 880,306 | 879,777 | 955,881 | 979,392 | 1,031,406 | 1,073,930 | 1,100,378 | 1,030,242 | 1,055,380 | 1,084,452 | 1,111,121 | 1,138,581 | 11,440,540 |
| Art in Private Development Fees | 1,900 | 19,000 | 19,570 | 20,157 | 20,762 | 21,385 | 22,026 | 22,687 | 23,368 | 24,069 | 24,791 | 25,534 | 243,349 |
| Baylands Park | 119,912 | 101,252 | 112,794 | 112,794 | 118,034 | 124,434 | 128,256 | 130,176 | 134,189 | 136,186 | 140,400 | 142,476 | 1,380,991 |
| Recreation Fees | 2,326,585 | 2,186,460 | 2,489,393 | 2,626,288 | 2,741,398 | 2,821,451 | 2,903,967 | 2,988,865 | 3,076,216 | 3,166,094 | 3,258,575 | 3,353,736 | 31,612,443 |
| Golf Fees | 3,365,142 | 3,461,110 | 3,633,098 | 3,861,992 | 4,079,982 | 4,202,143 | 4,327,970 | 4,457,570 | 4,591,059 | 4,728,553 | 4,870,171 | 5,016,038 | 47,229,687 |
| Golf Shop Revenue | 1,132,611 | 1,186,000 | 1,200,540 | 1,236,556 | 1,273,653 | 1,311,862 | 1,351,218 | 1,391,755 | 1,433,507 | 1,476,513 | 1,520,808 | 1,566,432 | 14,948,844 |
| Fremont Pool Endowment | 0 | 19,592 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 480,771 |
| Fremont Pool Revenues | 0 | 0 | 6,000 | 19,000 | 38,000 | 51,000 | 52,530 | 54,106 | 55,729 | 57,401 | 59,123 | 60,897 | 453,786 |
| Interest Income | 98,051 | 100,000 | 0 | 0 | 1,572 | 4,521 | 7,731 | 11,223 | 15,015 | 19,128 | 23,584 | 33,141 | 215,915 |
| Transfer From General Fund | 1,915,472 | 1,630,328 | 2,373,093 | 2,762,051 | 2,705,913 | 2,800,064 | 2,918,193 | 3,140,496 | 3,271,345 | 3,406,420 | 3,632,715 | 3,784,885 | 32,425,504 |
| TOTAL CURRENT RESOURCES | 9,839,979 | 9,583,519 | 10,836,487 | 11,664,348 | 12,056,838 | 12,456,908 | 12,858,387 | 13,273,238 | 13,701,927 | 14,144,934 | 14,687,406 | 15,167,838 | 140,431,829 |
| TOTAL AVAILABLE RESOURCES | 11,351,384 | 11,085,449 | 11,389,162 | 11,686,245 | 12,094,497 | 12,530,804 | 12,984,368 | 13,455,943 | 13,946,316 | 14,456,313 | 15,071,448 | 15,630,604 | 141,933,759 |
| CURRENT REQUIREMENTS: | | | | | | | | | | | | | |
| Interfund Loan Repayment - General Fund | 80,132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operations | 7,937,500 | 7,660,828 | 8,855,778 | 9,236,006 | 9,624,605 | 9,936,946 | 10,259,751 | 10,593,384 | 10,938,222 | 11,294,655 | 11,663,088 | 12,043,941 | 112,107,201 |
| Fremont Pool Operations | 0 | 31,383 | 140,120 | 144,324 | 148,653 | 153,113 | 157,706 | 162,437 | 167,311 | 172,330 | 177,500 | 182,825 | 1,637,702 |
| Golf Shop Operations | 0 | 986,373 | 979,269 | 999,203 | 1,029,179 | 1,060,055 | 1,091,856 | 1,124,612 | 1,158,350 | 1,193,101 | 1,228,894 | 1,265,761 | 12,116,654 |
| In-Lieu Charges | 795,755 | 850,756 | 884,786 | 911,330 | 938,670 | 966,830 | 995,835 | 1,025,710 | 1,056,481 | 1,088,175 | 1,120,821 | 1,154,446 | 10,993,840 |
| Capital Projects | 575,754 | 133,208 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 133,208 |
| Special Projects | 0 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Senior Center Lease | 245,313 | 255,227 | 245,313 | 86,370 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 586,910 |
| Budget Supplement - Fee Waivers | 0 | 0 | 42,000 | 43,260 | 44,558 | 45,895 | 47,271 | 48,690 | 50,150 | 51,655 | 53,204 | 54,800 | 481,483 |
| Transfer to Capital Projects Fund | 0 | 390,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 390,000 |
| Transfer To Infrastructure Fund | 215,000 | 215,000 | 220,000 | 228,094 | 234,936 | 241,984 | 249,244 | 256,721 | 264,423 | 272,356 | 365,174 | 376,129 | 2,924,061 |
| TOTAL CURRENT REQUIREMENTS | 9,849,454 | 10,532,774 | 11,367,265 | 11,648,587 | 12,020,601 | 12,404,822 | 12,801,664 | 13,211,554 | 13,634,937 | 14,072,271 | 14,608,681 | 15,077,902 | 141,381,059 |
| RESERVES: | | | | | | | | | | | | | |
| 20 Year RAP | 1,501,930 | 552,674 | 21,897 | 37,659 | 73,896 | 125,982 | 182,704 | 244,389 | 311,379 | 384,042 | 462,766 | 552,702 | 552,702 |
| TOTAL RESERVES | 1,501,930 | 552,674 | 21,897 | 37,659 | 73,896 | 125,982 | 182,704 | 244,389 | 311,379 | 384,042 | 462,766 | 552,702 | 552,702 |
| FUND BALANCE, JUNE 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City Subsidy for Fremont Pool Operations | | | 88,002 | 79,206 | 64,535 | 55,995 | 59,058 | 62,214 | 65,464 | 68,811 | 72,259 | 75,810 | |

CITY OF SUNNYVALE
525. COMMUNITY RECREATION FUND
LONG TERM FINANCIAL PLAN
JULY 1, 2012 TO JUNE 30, 2022

| | PLAN | PLAN | PLAN | PLAN | PLAN | PLAN | PLAN | PLAN | PLAN | PLAN | FY 2012/2013 TO FY 2021/2022 TOTAL | FY 2001/2002 TO FY 2021/2022 TOTAL |
|------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------------------------------------|---------------------------------------------|
| | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | | |
| RESERVE/FUND BALANCE, JULY 1 | 552,702 | 651,365 | 759,462 | 877,754 | 1,007,061 | 1,148,264 | 1,302,309 | 1,470,212 | 1,653,068 | 1,852,050 | 552,702 | 1,501,930 |
| CURRENT RESOURCES: | | | | | | | | | | | | |
| Rents and Concessions | 1,184,125 | 1,231,489 | 1,280,749 | 1,331,979 | 1,385,258 | 1,440,669 | 1,498,295 | 1,558,227 | 1,620,556 | 1,685,378 | 14,216,726 | 25,657,266 |
| Art in Private Development Fees | 26,555 | 27,618 | 28,722 | 29,871 | 31,066 | 32,309 | 33,601 | 34,945 | 36,343 | 37,797 | 318,826 | 562,175 |
| Baylands Park | 148,175 | 154,102 | 160,266 | 166,677 | 173,344 | 180,278 | 187,489 | 194,988 | 202,788 | 210,899 | 1,779,005 | 3,159,996 |
| Recreation Fees | 3,487,886 | 3,627,401 | 3,772,497 | 3,923,397 | 4,080,333 | 4,243,546 | 4,413,288 | 4,589,819 | 4,773,412 | 4,964,349 | 41,875,928 | 73,488,371 |
| Golf Fees | 5,216,680 | 5,425,347 | 5,642,361 | 5,868,055 | 6,102,777 | 6,346,888 | 6,600,764 | 6,864,794 | 7,139,386 | 7,424,962 | 62,632,014 | 109,861,701 |
| Golf Shop Revenue | 1,629,089 | 1,694,253 | 1,762,023 | 1,832,504 | 1,905,804 | 1,982,036 | 2,061,318 | 2,143,771 | 2,229,521 | 2,318,702 | 19,559,023 | 34,507,867 |
| Fremont Pool Endowment | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 46,118 | 461,179 | 941,949 |
| Fremont Pool Revenues | 63,333 | 65,866 | 68,500 | 71,240 | 74,090 | 77,054 | 80,136 | 83,341 | 86,675 | 90,142 | 760,377 | 1,214,163 |
| Interest Income | 39,596 | 46,667 | 54,406 | 62,865 | 72,103 | 82,181 | 93,165 | 105,128 | 118,145 | 132,300 | 806,556 | 1,022,471 |
| Transfer From General Fund | 3,902,278 | 4,023,461 | 4,148,562 | 4,277,715 | 4,411,057 | 4,423,731 | 4,560,885 | 4,702,474 | 4,848,644 | 4,999,556 | 44,298,361 | 76,723,865 |
| TOTAL CURRENT RESOURCES | 15,743,834 | 16,342,322 | 16,964,205 | 17,610,421 | 18,281,950 | 18,854,809 | 19,575,058 | 20,323,606 | 21,101,588 | 21,910,203 | 186,707,995 | 327,139,825 |
| TOTAL AVAILABLE RESOURCES | 16,296,536 | 16,993,687 | 17,723,667 | 18,488,175 | 19,289,011 | 20,003,073 | 20,877,367 | 21,793,818 | 22,754,656 | 23,762,253 | 187,260,697 | 328,641,754 |
| CURRENT REQUIREMENTS: | | | | | | | | | | | | |
| Interfund Loan Repayment - General Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operations | 12,490,400 | 12,953,828 | 13,434,880 | 13,934,240 | 14,452,615 | 14,865,742 | 15,419,386 | 15,994,142 | 16,590,830 | 17,210,299 | 147,346,359 | 259,453,561 |
| Fremont Pool Operations | 190,138 | 197,743 | 205,653 | 213,879 | 222,434 | 231,332 | 240,585 | 250,208 | 260,217 | 270,625 | 2,282,815 | 3,920,517 |
| Golf Shop Operations | 1,316,391 | 1,369,047 | 1,423,809 | 1,480,761 | 1,539,992 | 1,601,591 | 1,665,655 | 1,732,281 | 1,801,572 | 1,873,635 | 15,804,735 | 27,921,389 |
| In-Lieu Charges | 1,200,623 | 1,248,648 | 1,298,594 | 1,350,538 | 1,404,560 | 1,460,742 | 1,519,172 | 1,579,939 | 1,643,136 | 1,708,862 | 14,414,814 | 25,408,653 |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 133,208 |
| Special Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Senior Center Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 586,910 |
| Budget Supplement - Fee Waivers | 56,444 | 58,138 | 59,882 | 61,678 | 63,529 | 65,435 | 67,398 | 69,420 | 71,502 | 73,647 | 647,073 | 1,128,556 |
| Transfer to Capital Projects Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 390,000 |
| Transfer To Infrastructure Fund | 391,174 | 406,821 | 423,094 | 440,018 | 457,619 | 475,923 | 494,960 | 514,759 | 535,349 | 556,763 | 4,696,482 | 7,620,543 |
| TOTAL CURRENT REQUIREMENTS | 15,645,171 | 16,234,225 | 16,845,912 | 17,481,114 | 18,140,748 | 18,700,765 | 19,407,155 | 20,140,749 | 20,902,606 | 21,693,832 | 185,192,278 | 326,573,337 |
| RESERVES: | | | | | | | | | | | | |
| 20 Year RAP | 651,365 | 759,462 | 877,754 | 1,007,061 | 1,148,264 | 1,302,309 | 1,470,212 | 1,653,068 | 1,852,050 | 2,068,421 | 2,068,421 | 2,068,421 |
| TOTAL RESERVES | 651,365 | 759,462 | 877,754 | 1,007,061 | 1,148,264 | 1,302,309 | 1,470,212 | 1,653,068 | 1,852,050 | 2,068,421 | 2,068,421 | 2,068,421 |
| FUND BALANCE, JUNE 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City Subsidy for Fremont Pool Operations | 80,687 | 85,760 | 91,035 | 96,521 | 102,226 | 108,160 | 114,331 | 120,749 | 127,424 | 134,366 | | |